

NATIONAL DEFENSE STOCKPILE - MARKET IMPACT COMMITTEE
Federal Register Notice: 62 FR 56148
October 29, 1997)

PUBLIC COMMENTS: FY 1999 AMP and Certain FY 1998 AMP Revisions

- MIC99-1 October 29, 1997 Federal Register notice opening public comment period
- MIC99-2 November 3, 1997 DOC Press Release announcing Market Impact Committee request for public comment
- MIC99-3 November 12, 1997 Letter and Report from Russell C. Wisor, Vice-President, Government Affairs, ALCOA.
RE: Bauxite (Surinam)
- MIC99-4 December 1, 1997 Letter from Nicholas A. Pyle, Washington Representative, Robert N. Pyle & Associates on behalf of Sogem-Afrimet, Inc.
RE: Cobalt and Germanium
- MIC99-5 November 5, 1997 Letter from Robert R. "Bobby" Faucheux, Jr., State of Louisiana, House of Representatives.
RE: Bauxite
- MIC99-6 November 5, 1997 Letter from Ron Landry, Senate, State of Louisiana
RE: Bauxite
- MIC99-7 November 4, 1997 Letter from Dale J. Hymel, Jr., President, Parish of St. James
RE: Bauxite
- MIC99-8 November 7, 1997 Letter from Louis J. Lambert, Jr. Senate, State of Louisiana
RE: Bauxite
- MIC99-9 November 28, 1997 Letter from J. Kevin Horgan, Law Offices of DeKieffer & Horgan
RE: Titanium Sponge
- MIC99-10 October 29, 1997 Report from Robert N. Pyle, Government Relations, on behalf of Elkem Metals Company
RE: Manganese (Ferro & Metal Electrolytic)Chromium, Metal
- MIC99-11 September 12, 1997 Letter from Robert T. Martin Jr., Tacow Trade Consultants, Ltd
RE: Tungsten

MIC99-12 November 25, 1997 Letter from Robert J. Chaves,
Vice-Chairman, Minera Autlan
RE: Manganese (Ferro/Medium Carbon)

MIC99-13 November 26, 1997 Letter from David L. Germain, Senior
Purchasing Manager, Union Camp Corporation
RE: Sebacic Acid

MIC99-14 Business Confidential - Release Not Determined November
24, 1997 Letter from Peter Roman, Director, Planning &
Market Research, DLA, DNSC
RE: Sebacic Acid (Letters from Congressman Ney, David
Germain of Union Camp, and DNSC letters of response)

MIC99-15 November 11, 1997 Letter from Congressman Bob Ney
RE: Sebacic Acid

MIC99-16 November 24, 1997 Letter from Congressman Bill
Pascrell, Jr.
RE: Sebacic Acid

MIC99-17 November 25, 1997 Letter from Edward J. Kinghorn, The
Ferroalloys Association
RE: Manganese (Ferro/High Carbon) Chromium (Ferro/High
Carbon)

MIC99-18 November 19, 1997 Letter from Jerry K. Lambert, CPM,
General Manager, Kaiser Aluminum enclosing letters from
Senator Landry, Congressman, Faucheux, Dale J. Hymel,
Jr, Senator Lambert
RE: Jamaican Bauxite

MIC99-19 December 1, 1997 Letter from George F. Vary, Exec.
Dir., American Zinc Association.
RE: Zinc

MIC99-20 December 2, 1997 Letter from Dr. Charles DesForges,
Exec. Dir., International Manganese Institute
RE: Manganese (High Carbon/Ferro, Electrolytic Metal,
Metallurgical ores)

appointed to the register from which Performance Review Boards will be established by the U.S. Arms Control and Disarmament Agency during the period beginning on the effective date of

this notice and ending when a new register is published and becomes effective in approximately one year. Specific Performance Review Boards will be established as needed from this

register. These appointments supersede those in the announcement published in 1996.

Name	Title
Ralph Earle II	Deputy Director.
Donald Gross	Counselor.
James Sweeney	Special Representative-CSA.
Robert Sherman	Director, Advanced Project.
O. James Sheaks	Deputy Assistant Director, Intelligence, Verification and Information Management Bureau.
Sarah Mullen	Chief, Intelligence Technology and Analysis, Intelligence, Verification and Information Management Bureau.
Norman Wulf	Deputy Assistant Director, Nonproliferation and Regional Arms Control Bureau.
Michael Rosenthal	Chief, Nuclear Safeguards and Technology Division, Nonproliferation and Regional Arms Control Bureau.
Donald Mahley	Deputy Assistant Director, Multilateral Affairs Bureau.
Michael Guhin	Associate Assistant Director, Multilateral Affairs Bureau.
Robert Mikulak	Chief, Chemical and Biological Policy Division, Multilateral Affairs Bureau.
Pierce Corded	Chief, International Security and Nuclear Policy Division Multilateral Affairs Bureau.
R. Lucas Fischer	Deputy Assistant Director, Strategic and Eurasian Affairs Bureau.
Karin Look	Chief, Strategic Negotiations and Implementation Division, Strategic and Eurasian Affairs Bureau.
David Wollan	Chief, Theater and Strategic Defenses Division, Strategic and Eurasian Affairs Bureau.
Cathleen Lawrence	Director of Administration, Office of Administration.
Ivo Spalatin	Director of Congressional Affairs, Office of Congressional Affairs.
Mary Elizabeth Hoinkes	General Counsel, Office of the General Counsel.
Joerg Menzel	Principal Deputy of the On-Site Inspection Agency.
Stanley Riveles	U.S. Standing Consultative Commissioner.

Cathleen Lawrence,
Director of Administration.

[FR Doc. 97-26633 Filed 10-28-97; 8:45 am]

BILLING CODE 6820-01-M

DEPARTMENT OF COMMERCE

Bureau of Export Administration; National Defense Stockpile Market Impact Committee Request for Public Comments

AGENCY: Office of Strategic Industries and Economic Security, Bureau of Export Administration, U.S. Department of Commerce.

ACTION: Notice of request for public comments on the potential market impact of the disposal of certain commodities from the National Defense Stockpile under the proposed Fiscal Year (FY) 1999 Annual Materials Plan (AMP) and revisions to the FY 1998 AMP.

SUMMARY: This notice is to advise the public that the interagency National Defense Stockpile Market Impact Committee is seeking public comment on the potential market impact of Department of Defense proposed disposals of Stockpile materials under the FY 1999 AMP and under a revised FY 1998 AMP (See Attachment 1).
DATES: Comments must be received by November 28, 1997.

ADDRESSES: Written comments (2 copies) should be sent to Richard V.

Meyers, Co-Chair, Stockpile Market Impact Committee, Office of Strategic Industries and Economic Security, Room 3876, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230.

FOR FURTHER INFORMATION CONTACT:

Richard V. Meyers, Office of Strategic Industries and Economic Security, U.S. Department of Commerce, (202) 482-3634; or Stephen H. Muller, Office of International Energy and Commodity Policy, U.S. Department of State, (202) 647-3423; co-chairs of the National Defense Stockpile Market Impact Committee.

SUPPLEMENTARY INFORMATION: Under the authority of the Strategic and Critical Materials Stock Piling Act of 1979, as amended, (50 U.S.C. 98 *et seq.*)(the Act), the Department of Defense (as National Defense Stockpile Manager) maintains a stockpile of strategic and critical materials to supply the military, industrial, and essential civilian needs of the United States for national defense. The Act (50 U.S.C. 98h-1) formally established a Market Impact Committee (the Committee) to "advise the National Defense Stockpile Manager on the projected domestic and foreign economic effects of all acquisitions and disposals of materials from the stockpile * * *." The Committee must also balance market impact concerns with the statutory requirement to protect the Government against avoidable loss.

The Committee is comprised of representatives from the Departments of Commerce, State, Agriculture, Defense, Energy, Interior, Treasury and the Federal Emergency Management Agency and is co-chaired by the Departments of Commerce and State. The Act directs the Committee to "consult from time to time with representatives of producers, processors and consumers of the types of materials stored in the stockpile."

The Committee is now considering Defense's proposed Stockpile material disposal levels under the FY 1999 AMP and revisions to current Stockpile material disposal levels under the FY 1998 AMP as set forth in Attachment 1. The AMP materials listed in bold in Attachment 1 cannot be sold until Congress has approved their disposal. The Committee is seeking public comment on the potential market impact of the sale of these materials in the event that Congress does grant such disposal authority.

The proposed disposal quantity for each material listed in Attachment 1 is the maximum amount of material that may be sold in a particular fiscal year. Please note that these quantities are not sales targets. The quantity of each material that will actually be offered for sale will depend on the market for the material at the time of the offering. It will also depend on the maximum quantity of each material approved for disposal by the Congress.

The Committee requests that interested parties provide written comments, supporting data and documentation, and any other relevant information on the potential market impact of the sale of any commodity in the above lists. Although comments in response to this Notice must be received by November 28, 1997 to ensure full consideration by the Committee, interested parties are encouraged to submit additional comments and supporting information at any time thereafter to keep the Committee informed as to the market impact of the sale of the commodities. Public comment is an important element of the Committee's market impact review process.

Public comments received will be made available at the Department of

Commerce for public inspection and copying. Material that is national security classified or business confidential will be exempted from public disclosure. Anyone submitting business confidential information should clearly identify the business confidential portion of the submission and also provide a non-confidential submission that can be placed in the public file. Communications from agencies of the United States Government will not be made available for public inspection.

The public record concerning this notice will be maintained in the Bureau of Export Administration's Records Inspection Facility, Room 4525, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, telephone (202)

482-5653. The records in this facility may be inspected and copied in accordance with the regulations published in Part 4 of Title 15 of the Code of Federal Regulations (15 CFR 4.1 *et seq.*).

Information about the inspection and copying of records at the facility may be obtained from Ms. Margaret Cornejo, the Bureau of Export Administration's Freedom of Information Officer, at the above address and telephone number.

Dated: October 17, 1997.

Karen A. Swasey,

Acting Director, Strategic Industries and Economic Security.

Attachment 1: Proposed FY 1999 and Revised FY 1998 AMPs.

ATTACHMENT 1.—PROPOSED FY 1999 AND REVISED FY 1998 AMPs

[The materials in bold are under Congressional consideration]

Material	Units	Current FY 1998 quantity	Revised FY 1998 quantity	Proposed FY 1999 quantity
Aluminum Oxide, Abrasive	ST	6,000	0	6,000
Aluminum Oxide, Fused Crude	ST	30,000	0	30,000
Analgesics	AMA Lb	64,127	0	64,127
Antimony	ST	5,000	0	5,000
Asbestos (all types)	ST	20,000	0	20,000
Bauxite, Metallurgical (Jamaican)	LDT	600,000	0	600,000
Bauxite, Metallurgical (Surinam)	LDT	300,000	800,000	800,000
Bauxite, Refractory	LCT	80,000	0	0
Beryl Ore	ST	2,000	0	2,000
Beryllium Copper Master Alloy	ST	0	1,250	1,250
Bismuth	LB	300,000	0	180,000
Cadmium	LB	1,200,000	0	1,200,000
Celestite	SDT	3,600	0	3,600
Chromite, Chemical	SDT	100,000	0	100,000
Chromite, Metallurgical	SDT	250,000	0	250,000
Chromite, Refractory	SDT	100,000	0	100,000
Chromium, Ferro	ST	50,000	0	50,000
Chromium, Metal	ST	0	500	500
Cobalt	LB Co	6,000,000	0	6,000,000
Columbium, Carbide	LB Cb	0	21,372	21,000
Columbium Concentrates (Minerals)	LB Cb	0	200,000	200,000
Columbium, Ferro	LB Cb	200,000	0	200,000
Diamond, Bort	CT	1,000,000	0	1,000,000
Diamond Dies, Small PCS	PC	25,473	0	25,473
Diamond Stone	CT	2,000,000	0	2,000,000
Fluorspar, Acid Grade	SDT	180,000	0	180,000
Fluorspar, Metallurgical	SDT	50,000	0	50,000
Germanium	KG	8,000	0	8,000
Graphite, Natural Malagasy	ST	2,660	0	2,660
Indium	TR Oz	35,000	0	15,000
Iodine	LB	450,000	1,000,000	1,000,000
Jewel Bearings	PC	31,000,000	52,000,000	52,000,000
Kyanite	SDT	1,200	0	0
Lead	ST	60,000	0	60,000
Manganese, Battery Grade Natural	SDT	20,000	0	20,000
Manganese, Battery Grade Synthetic	SDT	3,011	0	3,011
Manganese, Chemical Grade	SDT	40,000	0	40,000
Manganese, Ferro	ST	50,000	0	50,000
Manganese, Metal Electrolytic	ST	2,000	0	2,000
Manganese, Metallurgical Grade	SDT	250,000	0	250,000
Mercury	FL	20,000	0	20,000
Mica (All Types)	LB	2,260,000	0	2,260,000
Nickel	ST	10,000	0	2,000
Palladium	TR Oz	15,000	200,000	300,000
Platinum	TR Oz	10,000	125,000	125,000
Quinidine	Av Oz	750,000	0	750,000

ATTACHMENT 1.—PROPOSED FY 1999 AND REVISED FY 1998 AMPS—Continued

[The materials in bold are under Congressional consideration]

Material	Units	Current FY 1998 quantity	Revised FY 1998 quantity	Proposed FY 1999 quantity
Quinine	Av Oz	750,000	0	750,00
Rubber	LT	125,000	0	0
Sebacic Acid	LB	1,000,000	0	1,000,000
Silicon Carbide	ST	9,000	0	9,000
Silver (for coinage)	Tr Oz	9,000,000	0	9,000,000
Talc	ST	1,000	0	1,000
Tantalum Carbide Powder	LB Ta	2,000	0	2,000
Tantalum Minerals	LB Ta	100,000	0	100,000
Tantalum Oxide	LB Ta	20,000	0	20,000
Thorium Nitrate	LB	1,000,000	0	1,000,000
Tin	MT	12,000	0	12,000
Titanium Sponge	ST	0	4,000	5,000
Tungsten, Carbide	Lb W	0	100,000	100,000
Tungsten, Ferro	LB W	0	100,000	100,000
Tungsten, Metal Powder	LB W	0	100,000	100,000
Tungsten Ores & Concentrates	LB W	0	1,000,000	1,000,000
Vanadium Pentoxide	ST V	200	0	0
Vegetable Tannin Extract, Chestnut	LT	7,500	0	7,500
Vegetable Tannin Extract, Quebrac.	LT	10,000	0	10,000
Vegetable Tannin Extract, Wattle	LT	10,000	0	10,000
Zinc	ST	50,000	0	50,000

[FR Doc. 97-28645 Filed 10-28-97; 8:45 am]
BILLING CODE 3510-33-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-122-601]

**Brass Sheet and Strip From Canada;
Notice of Termination of Antidumping
Duty Administrative Review**

AGENCY: Import Administration,
International Trade Administration,
Department of Commerce.

ACTION: Notice of termination of
Antidumping Duty Administrative
Review.

SUMMARY: In response to a request by a manufacturer/exporter of subject merchandise, Wolverine Tube (Canada) Inc., the Department of Commerce initiated an administrative review of the antidumping duty order on brass sheet and strip from Canada. The review covered exports of the subject merchandise to the United States for the period January 1, 1993 through December 31, 1993. Wolverine has filed a withdrawal of its request for this review. Because no other interested party requested a review, we are terminating this review.

EFFECTIVE DATE: October 29, 1997.

FOR FURTHER INFORMATION CONTACT:
Paul Stolz or Thomas Futtner, Office of
AD/CVD Enforcement, Import
Administration, International Trade
Administration, U.S. Department of
Commerce, 14th Street and Constitution

Avenue, N.W., Washington, D.C. 20230,
telephone: (202) 482-4474 or (202) 482-
3814 respectively.

Applicable Statute and Regulations

Unless otherwise stated, all citations to the statute and to the Department's regulations are references to the provisions as they existed on December 31, 1994.

SUPPLEMENTARY INFORMATION:

Background

The Department of Commerce (the Department) published an antidumping duty finding on brass sheet and strip from Canada on January 12, 1987 (52 FR 1217). On January 5, 1994, the Department published in the **Federal Register** a notice of "Opportunity to Request an Administrative Review" of the antidumping duty finding on brass sheet and strip from Canada (59 FR 564). On January 21, 1994, a manufacturer/exporter, Wolverine Tube (Canada) Inc., requested an administrative review of its exports of the subject merchandise to the United States. In accordance with 19 CFR 353.22(c), we initiated the review on February 17, 1994 (59 FR 7979). On October 20, 1997, the importer withdrew its request for administrative review.

Termination of Review

Pursuant to 19 CFR 353.22(a)(5) of the Department's regulations, the Department may allow a party that requests an administrative review to withdraw such request not later than 90

days after the date of publication of the notice of initiation of the administrative review. The Department may extend this time limit if the Department decides it is reasonable to do so.

There were no requests for administrative review from other interested parties, and the only party affected by the withdrawal request is the party making the request. Because terminating this review is at the request of the only affected party and will serve the interests of administrative efficiency, the Department has determined that it is reasonable to extend the time limit for withdrawal of Wolverine's request for review and to grant the withdrawal request at this time. Therefore, we are terminating this review.

This notice is in accordance with section 353.22(a)(5) of the Department's regulations (19 CFR 353.22(a)(5)).

The Department shall instruct the U.S. Customs Service to liquidate all appropriate entries.

Insofar as the final results for the more current period of review (POR), January 1, 1995 through December 31, 1995, were published prior to this termination notice covering the January 1, 1993 through December 31, 1993 POR, the cash deposit instructions contained in the notice covering the January 1, 1995 through December 31, 1995 POR will continue to apply to all shipments to the United States of subject merchandise entered, or withdrawn from warehouse, for consumption on or after April 8, 1997. Shipments entered, or withdrawn from

UNITED STATES DEPARTMENT OF
COMMERCE
NEWS

WASHINGTON, D.C. 20230

BUREAU OF
EXPORT
ADMINISTRATION

FOR IMMEDIATE RELEASE
November 3, 1997
BXA -97-44
www.bxa.doc.gov

CONTACT: Eugene Cottilli
Susan Hofer
(202) 482-2721

**NATIONAL DEFENSE STOCKPILE MARKET IMPACT COMMITTEE
REQUESTS PUBLIC COMMENT ON POTENTIAL SALES**

(WASHINGTON) -- The National Defense Stockpile Market Impact Committee today published a Federal Register Notice (62 FR 56148, October 29, 1997) seeking public comment on the potential market impact of the proposed sale of certain excess materials from the National Defense Stockpile. The Department of Defense (DOD) maintains a stockpile of strategic and critical materials to supply the military, industrial, and essential civilian needs of the United States for national defense emergencies.

Under the authority of the Strategic and Critical Materials Stock Piling Act, as amended, DOD has a statutory obligation when selling acquiring stockpile materials to refrain from causing undue market disruption, while at the same time protecting the U.S. Government against avoidable loss.

DOD has requested that the Committee, co-chaired by the Departments of Commerce and State, consider proposed sales quantities for the FY 1999 Annual Materials Plan (AMP) and revisions to the FY 1998 AMP. *(See attached list of materials)* Public comments must be received by November 28, 1997 for the Committee to fully consider them during its upcoming AMP review. Authority to dispose of certain materials, which have not been sold previously, in the FY 1999 and revised FY 1998 AMPs is pending Congressional approval.

The AMP listing includes the proposed maximum disposal quantities for each material. The quantity of each material that will actually be offered for sale will depend on the market for the material at the time of the offering as well as prior Congressional approval.

To obtain more information or a copy of the Federal Register Notice, please contact either of Committee co-chairs, Richard V. Meyers, Office of Strategic Industries and Economic Security, U.S. Department of Commerce at (202) 482-3634 or FAX (202) 482-5650; or Stephen H. Muller, Office of International Energy and Commodity Policy, U.S. Department of State at (202) 647-3423 or FAX (202) 647-8758.

PROPOSED FY 1999 and Revised FY 1998 AMPs

(The materials in bold are under Congressional consideration)

Material	Units	Current FY 1998 Quantity	Revised FY 1998 Quantity	Proposed FY 1999 Quantity
Aluminum Oxide, Abrasive	ST	6,000	0	6,000
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Analgesics	AMA Lb	64,127	0	64,127
Antimony	ST	5,000	0	5,000
Asbestos (all types)	ST	20,000	0	20,000
Bauxite, Metallurgical (Jamaican)	LDT	600,000	0	600,000
Bauxite, Metallurgical (Surinam)	LDT	300,000	800,000	800,000
Bauxite, Refractory	LCT	80,000	0	0
Beryl Ore	ST	2,000	0	2,000
Beryllium Copper Master Alloy	ST	0	1,250	1,250
Bismuth	LB	300,000	0	180,000
Cadmium	LB	1,200,000	0	1,200,000
Celestite	SDT	3,600	0	3,600
Chromite, Chemical	SDT	100,000	0	100,000
Chromite, Metallurgical	SDT	250,000	0	250,000
Chromite, Refractory	SDT	100,000	0	100,000
Chromium, Ferro	ST	50,000	0	50,000
Chromium, Metal	ST	0	500	500
Cobalt	LB Co	6,000,000	0	6,000,000
Columbium, Carbide	LB Cb	0	21,372	21,000
Columbium Concentrates (Minerals)	LB Cb	0	200,000	200,000

Material	Units	Current FY 1998 Quantity	Revised FY 1998 Quantity	Proposed FY 1999 Quantity
Columbium, Ferro	LB Cb	200,000	0	200,000
Diamond, Bort	CT	1,000,000	0	1,000,000
Diamond Dies, Small PCS	PC	25,473	0	25,473
Diamond Stone	CT	2,000,000	0	2,000,000
Fluorspar, Acid Grade	SDT	180,000	0	180,000
Fluorspar, Metallurgical	SDT	50,000	0	50,000
Germanium	KG	8,000	0	8,000
Graphite, Natural Malagasy	ST	2,660	0	2,660
Indium	TR Oz	35,000	0	15,000
Iodine	LB	450,000	1,000,000	1,000,000
Jewel Bearings	PC	31,000,000	52,000,000	52,000,000
Kyanite	SDT	1,200	0	0
Lead	ST	60,000	0	60,000
Manganese, Battery Grade Natural	SDT	20,000	0	20,000
Manganese, Battery Grade Synthetic	SDT	3,011	0	3,011
Manganese, Chemical Grade	SDT	40,000	0	40,000
Manganese, Ferro	ST	50,000	0	50,000
Manganese, Metal Electrolytic	ST	2,000	0	2,000
Manganese, Metallurgical Grade	SDT	250,000	0	250,000
Mercury	FL	20,000	0	20,000
Mica (All Types)	LB	2,260,000	0	2,260,000
Nickel	ST	10,000	0	2,000
Palladium	TR Oz	15,000	200,000	300,000
Platinum	TR Oz	10,000	125,000	125,000
Quinidine	Av Oz	750,000	0	750,000

Material	Units	Current FY 1998 Quantity	Revised FY 1998 Quantity	Proposed FY 1999 Quantity
Quinine	Av Oz	750,000	0	750,000
Rubber	LT	125,000	0	0
Sebacic Acid	LB	1,000,000	0	1,000,000
Silicon Carbide	ST	9,000	0	9,000
Silver (for coinage)	Tr Oz	9,000,000	0	9,000,000
Talc	ST	1,000	0	1,000
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Tantalum Minerals	LB Ta	100,000	0	100,000
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Vegetable Tannin Extract, Chestnut	LT	7,500	0	7,500
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Vegetable Tannin Extract, Wattle	LT	10,000	0	10,000
Zinc	ST	50,000	0	50,000

Aluminum Company of America

Russell C. Wisor
Vice-President, Government Affairs

November 12, 1997

Richard V. Meyers
Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industries and Economic Security
Room 3876
U.S. Department of Commerce
14th and Constitution Avenue, NW
Washington, DC 20230

**RE: NATIONAL DEFENSE STOCKPILE MARKET IMPACT
COMMITTEE REQUEST FOR PUBLIC COMMENTS**

Dear Mr. Meyers:

Enclosed is the submission (2 copies) of Aluminum Company of America (Alcoa) regarding the October 24th, 1997, notice published in the *Federal Register* seeking comments on the potential market impact of proposed revisions to current disposal levels of Surinam-type bauxite from the National Defense Stockpile.

If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Russell C. Wisor".

Attachment

COMMENTS OF

ALUMINUM COMPANY OF AMERICA

**SUBMITTED TO THE
OFFICE OF STRATEGIC INDUSTRIES AND ECONOMIC SECURITY
BUREAU OF EXPORT ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE**

**ON THE
REQUEST FOR PUBLIC COMMENTS
OF THE NATIONAL DEFENSE STOCKPILE
MARKET IMPACT COMMITTEE
RELATED TO REVISIONS TO CURRENT
DISPOSAL LEVELS OF CERTAIN COMMODITIES**

NOVEMBER 12, 1997

Aluminum Company of America (Alcoa) appreciates the opportunity to comment on the disposal of Surinam-type bauxite from the National Defense Stockpile. Alcoa is the world's leading producer of aluminum and alumina with 170 operating locations in 28 countries. The Company serves customers in the packaging, automotive, aerospace, construction and other markets with a variety of products.

Alcoa continues to support the National Defense Stockpile Market Impact Committee's proposed revision to FY 1998 and FY 1999 disposals of Surinam-type bauxite which would increase the current level available for disposal from 300,000 long dry tons to 800,000 long dry tons.

Alcoa purchases a significant quantity of bauxite on a yearly basis to supply its Pt. Comfort, Texas refinery. The Surinam-type bauxite is a good fit into the Company's refineries as a blend material along with our normal supply. Alcoa's other domestic refinery, for which we potentially need bauxite, is located in St. Croix, Virgin Islands. This refinery was closed when Alcoa last commented on this issue. However, we are now in the process of restarting this facility. This process began in late October and will take 10-15 weeks to complete. Increasing the availability of the Stockpile's Surinam-type bauxite in FY 1998 and 1999 at market prices will allow the Company's two remaining domestic refineries some production flexibility as well as provide additional income to the government.

Alcoa commends and supports the Market Impact Committee's efforts to increase the availability of Surinam-type bauxite from the National Defense Stockpile.



MIC99-4

ROBERT N. PYLE & ASSOCIATES
PUBLIC RELATIONS

1223 POTOMAC STREET, N.W.
WASHINGTON, D.C. 20007-3212

TELEPHONE: (202) 333-8190
FAX: (202) 337-3809

December 1, 1997

Via Fax: Page 1 of 1
482-5650

Richard V. Meyers, Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industries and Economic Security
United States Department of Commerce
14th Street and Constitution Avenue #3876
Washington, DC 20230

Dear Rick,

The following comments are for the consideration of the Defense National Stockpile Market Impact Committee pursuant to the October 29, 1997 Federal Register request. The comments were transmitted to me over the Thanksgiving break and I request they placed in the permanent record of the Committee proceedings.

Cobalt : Quantity: Annual sales should remain limited to six million pounds.

 Quality: The recommendation is to sell between 60 and 70% percent low-grade of 98.5-99.3% Cobalt with the balance of cobalt material in the form of high-grade at 99.8% or better purity.

 Format: Sales should be conducted allowing three million pounds to be negotiated and three million pounds as sealed bid sales.

Germanium: Recommend no changes from existing disposal methodology. Monthly sealed bid is an effective sales method. However, we strongly recommend that sales be limited to 4,000 kilograms annually.

These comments are submitted on behalf of Sogem-Afrimet, Inc. of New York the trading arm of Union Miniere of Belgium. Thank you.

Sincerely,

Nicholas A. Pyle
Washington Representative



STATE OF LOUISIANA
HOUSE OF REPRESENTATIVES

ROBERT R. "BOBBY" FAUCHEUX, JR.
District 57

St. John District Office
197 Belle Terre Blvd.
P.O. Box 1960
LaPlace, Louisiana 70069-1960
Telephone: (504) 651-2888
(800) 462-5017
Fax: (504) 651-0151

St. James District Office
230 Main Street
P.O. Box 367
Gramercy, Louisiana 70052
Telephone: (504) 869-3944
Fax: (504) 869-9180

Judiciary
Natural Resources
Ways & Means
Joint Legislative Committee on Capital Outlay

November 5, 1997

Richard V. Meyers, Co-Chairman
Stockpile Market Impact Committee
Office of Strategic Industrial and Economic Section
Room 3876
U.S. Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Mr. Meyers:

Kaiser Aluminum is a major employer in St. James Parish and has had a significant economic impact on our community for 40 years.

We have learned that D.L.A. - owned bauxite, stored for many years in Louisiana, may now be available for sale. We support allowing Kaiser to bid on this material.

The sale of this bauxite to Kaiser would have a positive impact on our area, providing needed employment in the mining and hauling of this material.

I would appreciate any consideration given to Kaiser.

With kindest regards, I am

Very sincerely yours,

Robert R. "Bobby" Fauchaux, Jr.
State Representative
District 57

RRFJr:gn



SENATE
STATE OF LOUISIANA

November 5, 1997

RON LANDRY

State Senator
District 19

P. O. Box 189
LaPlace, LA 70069

District Office: (504) 652-2379
Capitol Office: (504) 342-6192

COMMITTEES

Transportation, Highways
& Public Works-Chairman
Health and Welfare

Judiciary C
Retirement

Senate
Parliamentarian

Mr. Richard V. Meyers, Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industrial & Economic Section
Room 3876
U.S. Department of Commerce
14th St. & Constitution Ave. N.W.
Washington, DC 20230

Dear Mr. Meyers:

It has come to our attention that U. S. Government-owned bauxite, stored in our area for more than 30 years, is available for sale

The sale of this material to one of our major employers, Kaiser Aluminum, would have a significant positive economic impact on our community. The additional jobs involved in the mining and transporting of this material would be helpful in dealing with our high unemployment rate.

We strongly support granting Kaiser the opportunity to bid on DLA-owned bauxite

Sincerely,

A handwritten signature in cursive script, reading "Ron Landry".

Ron Landry
State Senator
District 19

RL:df

Parish of St. James



P.O. Box 106
Convent, Louisiana 70723

Phone: (504) 562-2260
Fax: (504) 562-2279

Dale J. Hymel, Jr.
President

November 4, 1997

Mr. Richard V. Meyers, Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industrial & Economic Section
Room 3876
U.S. Department of Commerce
14th St. & Constitution Ave. N.W.
Washington, DC 20230

Dear Mr. Meyers:

Kaiser Aluminum is a major employer in St. James Parish and has had a significant economic impact on our community for 40 years.

We understand that the United States Government-owned stockpile of bauxite located in our area is available for sale. Because of the positive economic impact such a sale would have on our community, we strongly endorse granting Kaiser Aluminum, one of our major employers, an opportunity to bid on this material.

The sale of this bauxite to Kaiser would have a positive impact on our area, providing needed employment in the mining and hauling of this material. With an unemployment rate of 10% in St. James Parish, the additional job opportunities for our citizens in the mining, handling, and hauling of this material would be very beneficial.

Sincerely,

Dale J. Hymel, Jr.
Parish President

DJH:jrl



MIL 99-8

SENATE
STATE OF LOUISIANA

LOUIS J. LAMBERT

State Senator
District 18

Parishes of:
Ascension
East Baton Rouge
Livingston
St. James
St. John the Baptist

P.O. Box 94183
Baton Rouge, LA 70804
(504) 342-0667
(504) 342-5636 FAX

SENATE COMMITTEES:
Environmental Quality, Chairman
Commerce
Retirement

November 7, 1997

Richard V. Meyers, Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industrial and Economic Section
Room 3876, U. S. Department of Commerce
14th Street and Constitution Avenue NW
Washington, DC 20230

Dear Mr. Meyers,

It has come to our attention that U.S. Government-owned bauxite, stored in our area for more than 30 years, is available for sale.

The sale of this material, in lots of 750,000 tons annually, to one of our major employers, Kaiser Aluminum, would have a significant positive economic impact on our community. The additional jobs involved in the handling, mining and transporting of this material would be helpful in combating the area's high unemployment rate.

We strongly support granting Kaiser the opportunity to bid on Defense Logistics Agency bauxite.

Sincerely,

Louis J. Lambert, Jr
Senator, District 18

LJL/ca

MIC 99-9

LAW OFFICES OF
DEKIEFFER & HORGAN
SUITE 900
915 FIFTEENTH STREET, N.W.
WASHINGTON, D.C. 20005

TELEPHONE
(202) 783-6900

Affiliated Office:
SAARBRÜCKEN, GERMANY

FACSIMILE
(202) 783-6909

November 28, 1997

VIA HAND DELIVERY

Richard V. Meyers
Co-Chair, Stockpile Market Impact Committee
Office of Strategic Industries
& Economic Security
Room 3876
U.S. Department of Commerce
14th St. & Constitution Ave., N.W.
Washington, D.C. 20230

RE: Sales of Titanium Sponge from the National Defense Stockpile

Dear Mr. Meyers:

On behalf of Titanium Metals Corporation ("Timet"), we are submitting the following comments on the potential market impact of the Department of Defense's ("DoD") proposed disposal of titanium sponge from the National Defense Stockpile ("Stockpile") under the revised Fiscal Year ("FY") 1998 Annual Materials Plan ("AMP"), and under the FY 1999 AMP.

For the reasons stated below and as argued in our September 26 submission, Timet believes that the request for disposal authority should be limited to no more than 2,000 short tons (ST) of titanium sponge per year. In order to minimize market disruption, the merchandise should be offered for sale: 1) in small lots at evenly-spaced time intervals throughout the corresponding year; and 2) at prices which will not undermine the prevailing commercial prices for merchandise of comparable quality.

As indicated in our prior submission, titanium sponge is a commodity product which trades at prices which are extremely sensitive to any imbalance in supply and demand. It has

already been established that Russian and Kazakhstan's exports have increased tremendously in the past three years, just as the world titanium industry is coming out of a deep recession. Consequently, the U.S. titanium market is already adjusting to an enormous surge in foreign supply. Thus, the entry of a sudden and substantial new source of supply into the market in the form of Stockpile sales, poses a severe threat of market-disruption.

In Timet's prior submission, we argued that based on expected U.S. production for 1997, the 4000 ST of titanium sponge which DoD proposes to sell during the revised FY 1998 amounts to more than a 20% increase in the total supply of titanium sponge available from U.S. sources. However, this simple statistic understates the potential impact of Stockpile sales on titanium sponge prices.

The sponge to be sold from the Stockpile corresponds to standard¹-grade titanium sponge. Timet estimates that the U.S. production of standard-grade sponge amounts to approximately 40 to 50% of all domestically produced titanium sponge. Thus, by cutting in half the market segment that the Stockpile sales are going to affect, the originally estimated 20% increase would, in fact, amount to a 40-50% increase in the U.S. annual supply of standard-grade titanium sponge. Obviously, such an increase in available standard-grade sponge would have a dramatic effect on its price, particularly if the sponge were sold in large lots that would enter the market simultaneously.

It should be noted that most, if not all imports from Russia and Kazakhstan are of standard-grade titanium sponge. Thus, it is undeniable that the Stockpile sales will be adding supplies to an already crowded market segment. As the growth of imports is expected to continue, the disruptive effects of the sales of Stockpile sponge should be kept at the lowest level.

Moreover, standard-grade titanium sponge competes in the same market segment with titanium scrap. Standard-grade sponge and certain types of titanium that is sold under the broad basket denomination of "scrap," can be interchangeable. This oversupply in the standard-grade-and-scrap market segment will necessarily bring further pressure on titanium prices. Therefore, the Stockpile sales should be closely monitored to avoid causing a downward spiral of both standard-grade and scrap prices. This market disruption would even affect the income that the U.S. government is expecting to receive through these sales.

In order to minimize the market disruption that would otherwise result from a 40-50% increase in the standard-grade titanium sponge supply, Timet proposes that the Stockpile disposal be limited to 2000 ST per FY. This amount would still represent a substantial increase in the quantity of sponge available on the U.S. market. In addition, Timet believes this merchandise should be offered for sale in limited quantities and at periodic intervals, so that the market can gradually absorb the additional supplies.

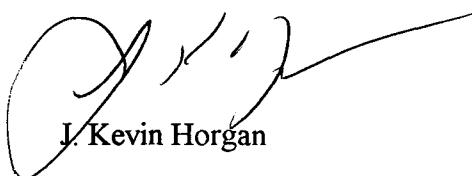
¹ This denomination is only for the purpose of differentiating it from titanium sponge that is produced to meet industry-specific standards.

Finally, Timet believes that such sales should be consummated only if the offers draw bids which are consistent with recent prices for merchandise of comparable quality. This is, the Stockpile prices should not undermine the prevailing commercial prices for merchandise of comparable quality.

In keeping with the Committee's notice of October 29, 1997 (62 Fed. Reg. 56148), Timet will be providing additional comments and supporting information to the Committee as they become available.

If you have any questions regarding this submission, please do not hesitate to contact the undersigned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. Kevin Horgan', with a long horizontal flourish extending to the right.

cc: R. Musgraves
H. Frakes, Jr.



Statement of Elkem Metals Company

Pittsburgh, Pennsylvania

submitted to the

Defense National Stockpile

Market Impact Committee

Pursuant to

Federal Register Notice of

October 29, 1997

November 28, 1997

Contact: Robert N. Pyle, Government Relations
Elkem Metals Company
1223 Potomac Street, NW
Washington, DC 20007-3212
Telephone: 202-333-8190
Facsimile: 202-337-3809

MANGANESE DISPOSAL PROGRAMS ARE WORKING TO

PRESERVE A VIABLE UNITED STATES

FERROMANGANESE PRODUCTION INDUSTRY

Elkem Metals Company is a major international smelter of alloys and metals. The company's U.S. operations in Pennsylvania, Ohio and West Virginia employ over one thousand people. The Marietta, Ohio operations which produce high carbon ferromanganese (HCFeMn), continues to work through a transition process from being a defense contractor to commercial production. The transition process is working and the company has completely shifted to a private sector client base. The success of Elkem in making the transition at Marietta is in part due to the Defense Logistics Agency (DLA) policy of selling Elkem off-grade HCFeMn. The policy is stipulated in Public Law 104-106.

Elkem submits comments today to the Market Impact Committee (MIC) in support of the DLA's Fiscal Year 1999 Annual Materials Plan that proposes to sell up to 50,000 short tons of "off-grade" HCFeMn, 2,000 short tons of electrolytic manganese metal and 250,000 short tons of metallurgical grade of manganese ore. Elkem recommends that sales of Medium Carbon Ferromanganese (MCFeMn) be limited to 5,000 tons per year. The company feels that sales of MCFeMn should be restricted following a 30% market price reduction in the last 18 months.

Electrolytic Chromium metal sales were the topic of earlier comments by Elkem. The company again strongly suggests that high purity chrome metal disposals be limited to 300 tons annually in the form of 200 short tons of alumino-thermic grade and 100 tons of

vacuum grade. Elkem supports these proposals only as long as the DLA abides by sale provisions mandated by Congress.

The same foreign competition which precipitated the 10-year upgrade program for ferromanganese continues to impact Elkem's transition. Import penetration for HCFeMn stands at 90(+) % of domestic consumption. As part of the conversion process Elkem has moved to lower labor, raw material and electric power costs. The Marietta plant's infrastructure includes three relatively small-capacity furnaces located in separate buildings. Furnace capacity is a limiting factor to expanding "through-put," the amount of alloy produced, under fixed costs. Increasing through-put is necessary for the company's survival. Utilizing off-grade or non-stockpile grade ferroalloys from the Defense National Stockpile, Elkem has improved melt yields and furnace through-put. Elkem believes continued remelting of off-grade HCFeMn alloys along with smelting of manganese ores from the Defense National Stockpile is critical to Elkem's survival. Elkem presented its long term approach for survival of the last ferromanganese operation in the United States to Congress in 1995. Congress adopted Elkem's plan into the permanent Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 *et seq*).

Regrettably, the Department of Defense was slow to embrace the spirit of the language and true purpose of Section 3304 of PL 104-106 adopted by Congress to keep ferroalloy facilities open. DLA did reach an agreement in the last fiscal year on a contract price that allows for the economic remelting of the Defense National Stockpile's below specification grade ferromanganese as stipulated in the law. These provisions are found in Section 3304 parts a, b and c. Elkem looks forward to DLA selling additional

material based on a price structure which allows economic remelting to increase manganese content to 78% minimum, the industry standard.

The intent of Congress in adding Section 3304 to the permanent Stock Piling Act is to provide closure to the perennial issue of supporting the ferroalloy industry, a critical component of the nation's defense industrial base. The language passed by both bodies of Congress and signed by the President provides a secure future for manganese smelting furnace capacity in the United States.

A viable ferromanganese industry is vital to the United States' economic security. Manganese is an essential ingredient in the production of steel. Steel cannot be produced without ferromanganese. Elkem's Marietta, Ohio facility is the only operating ferromanganese production plant in the U.S. and Canada. In recent years Congress authorized the disposal of manganese ore, which is the primary raw material in the production of ferromanganese. Due to the responsible disposal process adopted by the Congress, the last ferromanganese smelter in the United States continues to operate. The effect of a closure would force the United States steel industry to be totally dependent on imports to supply this essential and critical raw material. This could be critical during future global shortages and national emergencies. In addition, the United States' industrial base will be further weakened and the unique technology and specialized human skills necessary to produce ferromanganese lost forever.

The current legislation authorizes the Department of Defense, which manages the Defense National Stockpile, to dispose of the entire quantities of manganese ore and ferromanganese. The legislation restricts the sale of manganese ore to "allow preference to domestic ferroalloy producers." Provisions in Section 3304 a, b and c stipulate the method

and requirements for sales of HCFeMn. Current law contains provisions stipulating that sales of electrolytic manganese are subject to “right-of-first-refusal” by domestic ferroalloy producers.

Congress first included provisions in the FY 1994 Defense Authorization and Appropriations Acts to support the transition of the domestic ferromanganese operations from defense contracting to commercial markets. The support of Congress was three-fold. First, Congress included a prohibition on disposal of stockpile grade ferromanganese inventories until all non-stockpile grade materials are disposed of to a qualified domestic ferroalloy “upgrader” for remelting. A second provision requires DLA to only dispose of manganese ores for domestic processing. The third provision supported by Elkem is a preference for disposal of electrolytic manganese. Elkem requests the Market Impact Committee (MIC) direct DLA to conform to the intent of the Congressional Authorization language before the last HCFeMn ferroalloy producer is forced to close.

Elkem's strategic plan for defense conversion involves an existing long term agreement under the above mentioned legislative preference to buy metallurgical grade manganese ores. Elkem is now in the fifth year of a five year contract to purchase ores from the Defense National Stockpile. In addition to the long term purchases, Elkem has also bought ores from the DLA under "spot" sales agreements. Elkem applauds the DLA's ability to negotiate a fair price and timely deliveries for ores purchased under legislative preference and is hopeful similar arrangements can be made for the sale of off grade HCFeMn.. Furthermore, Elkem pledges to continue to offer the Agency competitive purchase prices for ores and off-grade HCFeMn, allowing the company a reasonable return on investment. Elkem's negotiations are based on; the fact the DLA sold similar material to

Elkem in the past; rate of return formulas developed under the 10-year Ferroalloy Upgrading Program and a price that allows the company a modest return on investment. Only recently have DLA officials started to recognize the spirit and intent of the Congressional mandate in the permanent stockpiling law. Elkem must be able to secure a viable contract for the purchase of off-grade HCFeMn or it will be forced to curtail operations at Marietta and eventually close all or part of the plant.

In summary, we hope the MIC and DLA will continue to support Elkem's needs for the remainder of FY 1998 and FY 1999 including the prohibition and preference initiatives mandated by Congress to permit our plant at Marietta to continue to operate.

ELKEM'S STEPS TOWARDS DEFENSE CONVERSION

PLANT AND EQUIPMENT UPGRADES

Last year Elkem reported to the MIC on its \$39.7 million capital expenditures since 1991 as evidence of the company's commitment to efficiently produce manganese alloys. An additional \$10.2 million has been spent on major plant upgrades and on-going plant improvement projects since November, 1996. The current phase of plant upgrades will cost approximately \$15.0 million and will be completed next year.

Elkem's manganese smelting furnaces are among the most modern in the industry with 100% computerized controls on all three furnaces and 100% computer control on the Oxygen Refining Unit. The company has led the industry internationally in computer usage for manganese furnaces and has invested considerable money in new technology. It has

also built a staff of computer experts who have initiated software design and computerized improvements.

Investment in furnace and auxiliary automation has been significant in the last few years and are included in future plans. These include automated tapping and plugging of furnaces, remote control cranes, ladle preheating, tapping rearrangements, ladle repair and slag rake-off equipment. A water cooled front was added to furnace 12 this year.

The facility is 100% in compliance with all environmental regulations and has committed significant money in maintaining compliance. The rebuilding of a waste retention impoundment (coffer dam); waste water flow rerouting; and PCB removal are a few of the many projects undertaken at significant cost. In addition, many miscellaneous environmental projects have been implemented including monitoring devices and upgrading wet scrubber systems. Close to \$1 million was spent this year on environmental expenditures with an additional \$4.0 million planned for 1998.

New process strategies have been developed in oxygen refining in the past three years as well as new process strategies for the smelting of manganese alloys. The metallurgical staff has been doubled to further implement these improvements.

The Marietta facility has doubled the quality staff in the last four years with the addition of quality engineers. This has resulted in the facility achieving ISO 9001 certification and the facility has also been recognized by leaders in the steel and aluminum industries for quality. Elkem received the Alcoa Supplier of Excellence Award that has been achieved by only a few of Alcoa's 30,000 suppliers.

UNION AND LABOR

The company is in the first year of a three year labor contract signed with the local Oil, Chemical and Atomic Worker's Union in August 1997. The agreement insures continuing operations at the Marietta plant. The company and the union negotiated significant work rule changes and other enhancements to improve cost and quality at the facility.

Union and management accept the challenge of preparing the facility for entering the commercial market. The union and company meet monthly to review the status of the conversion program in an effort to keep all employees updated and solicit their support.

PLANNING FOR THE FUTURE

A comprehensive strategic plan has been developed for the facility through the year 2002. The plan includes cost improvements, market/sales objectives, capital expenditures, new product development and other elements necessary to achieve a successful conversion to the commercial market. The company is evaluating the possible construction of a new, large, state-of-the-art furnace for manganese smelting. This would represent the first new ferromanganese furnace in the United States in over thirty years. Elkem's strategic plan makes effective use of the ores contained in the Defense National Stockpile and hinges on the availability of remelting the off-grade HCFeMn to boost furnace through-put. Elkem appreciates the Market Impact Committee's support of a significant part of Elkem's successful transition from being a defense contractor and maintaining the nation's vital industrial base.

Tacow Trade Consultants, Ltd.

23 Lake Street / PO Box 168 / Owego, New York 13827 U.S.A.

Telephone : 607-687-7700 Telefax : 607-687-7649

Home page : <http://www.tacow.com>

E-Mail : tacowowego@aol.com

Mr. Richard V. Meyers

September 12, 1997

Co-Chair

Stockpile Market Impact Committee

Office of Strategic Industries and Economic Security

Room 3876

U.S. Department of Commerce

14th Street & Constitution Avenue N.W.

Washington, DC 20230

RE: Disposal of Tungsten from the National Defense Stockpile FY 1998.

Dear Sirs :

We have received the notice of request for public comments on the potential market impact of proposed new material disposals and proposed revisions to the current levels of tungsten materials in the National Defense Stockpile commodities under Fiscal Year 1998 Annual Plan. As one of the largest importers of tungsten products into the United States from all over the world, we wish to object to any disposal of tungsten from the National Defense Stockpile on the basis of market disruption and negative economic impact on an already struggling industry.

Tacow has been serving the tungsten industry for 4 years. My personal involvement in the tungsten industry spans a period of 15 years. Besides owning Tacow, I have worked at Osram Sylvania (GTE) for 3 years as the tungsten products sales manager. Today, Tacow is a major distributor of tungsten products throughout the world and a member of the International Tungsten Industry Association (ITIA). I recommend a visit to our home page if you require additional background information on Tacow.

Regarding tungsten ores & concentrates, I am enclosing several papers for your review. First is a presentation made by Mr. Robert M. Bunting in 1995 at the ITIA annual meeting held that year in Stockholm. This paper clearly describes a major lack of investment in new mining and the negative impact of other countries stockpile releases. Additionally, a recent report by the Secretary - General of the ITIA, Mr. Michael Maby on his recent visit to China is included. We draw your attention to his comments as to the current level of economic hardship being endured

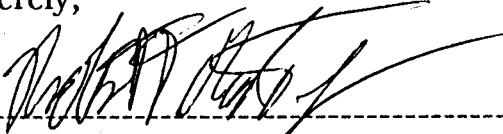
by the Chinese people associated with the mining sector of the tungsten industry. A final attachment is a paper given by Mr. Richard A. Scheithauer, then Material Manager for Osram Sylvania, at the 7th annual International Tungsten Symposium, which concludes national stockpiles have artificially filled shortages in ore and concentrate demand over the past few years, minimizing investment in new mining capacities and causing unstable, inconsistent and artificial price fluctuation in the price of various tungsten products.

All of the tungsten products being discussed for release from the National Defense Stockpile will negatively impact the tungsten mining industry by decreasing demand for newly mined production and artificially impacting an industry in need of true supply and demand pricing. The simple fact that the Stockpile exist has a negative impact on the tungsten industry. Every year concerns arise as the possibility of Stockpile disposals are discussed. I for one would like to recommend the disposal of Tungsten material from the Stockpile be permanently tabled until 2005, when the tungsten industry should have had time to recover from other free flowing stockpile releases and return to a normal supply and demand driven price structure.

Formally, I request there be no disposal of tungsten materials from the National Defense Stockpile.

I thank you for your time and consideration. Please contact me if I can further serve you in pursuing this topic.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert T. Martin Jr.', written over a horizontal dashed line.

Mr. Robert T. Martin Jr.
Tacow Trade Consultants, Ltd.

enclosures 3



**COMPAÑIA
MINERA AUTLAN
S.A. DE C.V.**

November 25, 1997

Mr. Richard V. Meyers
Co-Chair
Stockpile Impact Committee
Office of Strategic Industries and Economic Security
Room 3876
U.S. Department Of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Mr. Meyers,

We would like to take this opportunity to submit to your committee our deep concern with the current oversupply that is seriously affecting the US medium carbon ferromanganese (MC FeMn) market.

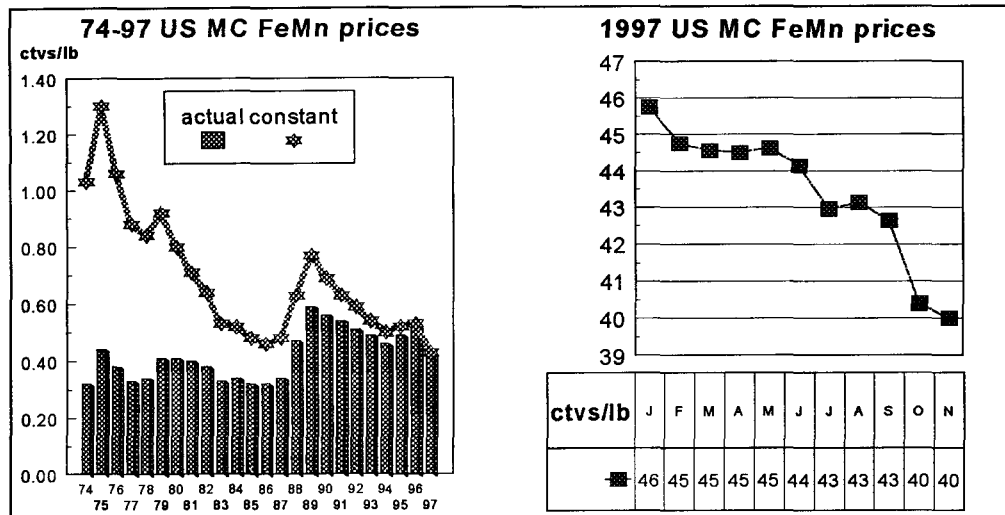
Minera Autlan is a Mexican stock exchange listed company and the largest manganese mining and ferroalloy producer in North America. As such, Minera Autlan is a key player in this market, having always supplied the United States steel producers with high quality products at competitive prices. As you may know, we have been the most important foreign supplier of MC FeMn for many years, and knowing this responsibility, we have helped to maintain the stability of the market through fair commercial practices and an understanding of the supply and demand dynamics of MC FeMn.

Nevertheless, the world MC FeMn industry is currently experiencing a dramatic change due to the globalization trends -which are currently relocating the suppliers to the most competitive countries in the world-. This is a normal rule that cannot be defied in the long run, except if it is exercised with a misunderstanding of the market which may lead to an oversupply condition.

The most evident fact of the aforementioned panorama can be found in pricing of MC FeMn. From 1996, US prices published by Metals Week have shown steady and chronic weakness that has been exacerbated in 1997 with an abrupt decline in the second half of the year.

As you can see from the following charts, the 1997 prices are the lowest since 1988, and if we analyze the constant price trend since 1974, we can also see that the this year prices have reached their lowest point. Since steel production has been at historically high levels, the reasons behind this trend can only be attributed to supply factors (both real and the perceived oversupply condition due to the large new projects coming on stream).

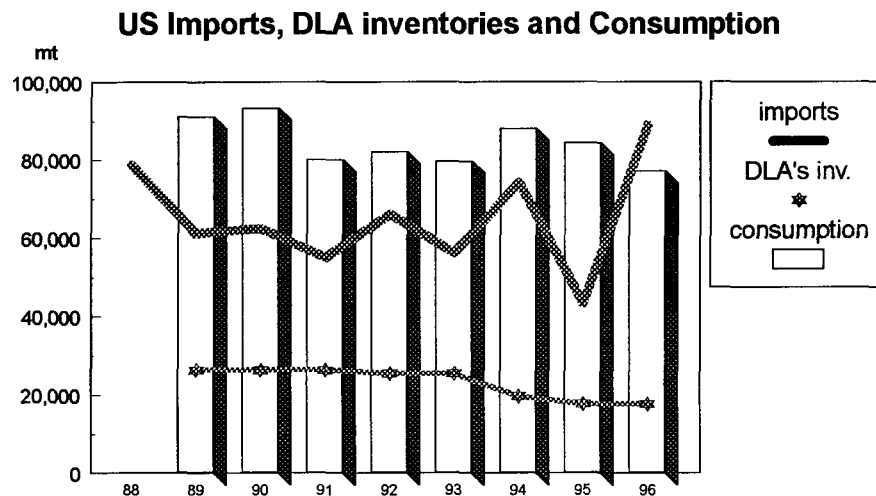
Chart 1



Source: Metals Week / USBLS

With regard to supply, the US Geological Survey's statistics show that imports reached a record level in 1996, while consumption dropped against the previous year. Moreover, disposals from the National Defense Stockpile have also contributed to increase the supply in the USA, as can be seen from the DLA's inventory downtrend.

Chart 2



Source: USGS

In 1997, even though the foreign MC FeMn influx has decreased compared to 1996 (which was an aberration due to some of the large producers vying to establish their market position with traded material in advance of their new production facilities being built), the market continues oversupplied and affected by fierce competition amongst the

principal players. Additionally, the DLA has decided to sell significant volumes of MC FeMn just in a year when pricing is being adversely affected by oversupply. Given the market dynamics, even a small marginal amount of tonnage can have an outsized effect on the price.

Paradoxically, demand of this alloy is growing and this behavior can be a confusing issue for some suppliers, who may understand that the market requires more volume of MC FeMn and that the present downtrend of prices is only temporary.

However, there are certain assumptions and facts that may contradict this falsely optimistic outlook. In line with the growth predicted for the American steel industry - primarily from the new minimills-, Metal Bulletin Research (MBR) has recently projected a 2.7% growth rate for MC FeMn consumption in the USA from 1997 to 2001. For the WWorld, MBR has forecasted a 2.8% growth rate for the same period.

By contrast, the MC FeMn industry will experience a significant output increase given the capacity additions reported by South African and South Korean firms, as is explained in the following table:

Table 1

	mt*1000
1996	
WWorld production of MC/LC FeMn	500
WWorld consumption of MC/LC FeMn	495
WWorld production of crude steel	546,400
Main MC/LC FeMn capacity additions (98/99)	
Advalloy (RSA)	73
Cato Ridge Alloys (RSA)	30
Withdrawal of JMC from Japan	(20)
Dongbu Corp (SK)	35
TOTAL	118
1998/1999 (p)	
WWorld production of MC/LC FeMn	618
WWorld consumption of MC/LC FeMn	535
WWorld production of crude steel	602,800

Sources: MBR, WEFA, IMI, The TEX Report, Samancor, USGS

According to this table, refined MC FeMn output may grow by 24% against a 8% growth in consumption for this specific period. (If we add the full consumption projection of MBR up to 2001, the growth is weakened to 2.8%).

Taking into account this panorama, further price reductions are absolutely plausible. If this scenario is enhanced with additional disposals from the National Defense Stockpile, we can easily imagine a chaotic market with a further downward spiral in price.

Based upon this brief analysis, we would like to submit to your committee our strong opinion of the very negative implications of the DLA selling into an oversupplied market.

We would also be available to testify before your committee, if necessary. We hope that you find our comments useful in your own analysis. If there are any questions, please feel to contact me in Mexico at (528) 344-0770.

Sincerely,



Robert J. Chaves
Vice-Chairman



1600 VALLEY ROAD, WAYNE, N.J. 07470 TELEPHONE 201-628-2000

November 26, 1997

Mr. Richard V. Meyers, Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industries and Economic Security
Room 3876
U.S. Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

RE: National Defense Stockpile Proposed Annual Materials Plan (AMP) for FY 1999, and
Revisions to AMP for FY 1998 (62 Fed. Reg. 56148, October 29, 1997)

Dear Mr. Meyers:

Union Camp Corporation offers the following comments regarding the potential market impact of the disposal of **sebacic acid** from the National Defense Stockpile under the proposed fiscal year 1999 Annual Materials Plan (AMP) and the proposed revisions to the fiscal year 1998 AMP.

Union Camp objects to the proposed authority for sale of one million pounds of sebacic acid in the FY 1999 AMP, and also objects to maintaining the current AMP authority for FY 1998 at one million pounds.

Union Camp Corporation is the sole remaining producer of sebacic acid not only in the United States but across the Americas. Our comments on this important matter reflect the decades of experience Union Camp has in this business, and the extensive, daily interaction of Union Camp production, sales and marketing professionals with the market for this particular material.

Union Camp produces sebacic acid at its chemical plant in Dover, Ohio, for a wide range of customers in numerous industrial applications. Union Camp has made a long-term commitment to this business, as evidenced by our recent, ongoing multi-million dollar capital investment at the Dover facility to upgrade and modernize our production capability, with a concomitant increase in capacity.

Mr. Richard V. Meyers
November 26, 1997
Page Two

Union Camp has watched the recent efforts of the Defense National Stockpile Center (DNSC) to dispose of surplus volumes of this material with substantial interest. Two years ago, in a substantially different sebacic acid market, Union Camp urged the adoption of an accelerated plan to dispose of this material. However, with the market's rapid deterioration over the last eighteen months, Union Camp has determined that a large volume sale by the DNSC now would devastate our sebacic acid business. We offer the following points in support of this concern:

- The current market for this material remains extremely soft, evidenced by slack demand, rising imports, and low prices.
- Worldwide production capacity for this material now far exceeds demand.
- U.S. demand for sebacic acid has risen only slightly since 1995, far below market forecasts.
- U.S. imports of sebacic acid and its esters nearly quadrupled between 1994 and 1996, with the largest share of imports coming from China, Russia, and Japan.
- A one million pound sale by the DNSC would represent approximately 10 percent of total annual U.S. demand; it would represent approximately 17 percent of annual U.S. merchant demand, the market in which Union Camp product competes.
- In 1996 and 1997, Union Camp's facility operated well below its capacity.

Enclosed are several confidential tables and graphs that provide further documentation for this assessment of market conditions. We must request that those documents remain confidential to this committee and members of the DLA directly involved in sebacic acid planning.

Frankly, Union Camp is concerned about its ability to sustain its business in the current market. An offering for sale of sebacic acid of the size currently authorized could not move into the current market without creating a severe impact on the market or causing significant disruption to our business. We would anticipate, at minimum, the temporary shutdown of our sebacic acid plant and concurrent layoff of the workforce associated with that production.

While we recognize that the AMP provides only the maximum authority for DNSC offerings, we are concerned about the DNSC's recent exercise of its discretion. A recent, smaller sale of stockpiled sebacic acid (290,699 pounds for approximately \$438,000 in May, 1997) appears to have been disposed of below the then-existing market price. That sale had a direct and deleterious impact on subsequent transactions with our own customers. Despite our repeated communication of our concerns about current market conditions, the DNSC continues to offer the

Mr. Richard V. Meyers
November 26, 1997
Page Three

the fully authorized amount of one million pounds for sale, as provided in the FY 1998 AMP. The next public offering for sale has been announced for January 22, 1998.

For these reasons, **Union Camp urges the Market Impact Committee to revise downward its proposed authorization for sale of stockpiled sebacic acid in FY 1999, and to revise downward the current authority for sale of sebacic acid in FY 1998 (we urge that the FY 1998 revision be incorporated into the existing AMP prior to the scheduled January, 1998 offering). We believe that a more prudent annual amount of approximately 200,000-300,000 pounds for the next several years is warranted by the currently volatile sebacic acid market.** We believe that this amount would enable the DNSC to meet its congressional mandate to dispose of its stockpiled materials, while avoiding the undue market impact that would be expected with a larger volume sale.

If you have any questions or if Union Camp can be of any further assistance, please don't hesitate to call me.

Sincerely,



David L. Germain
Senior Purchasing Manager
Union Camp Corporation
Chemical Products Division

DLG/rlm

MIC99-14

Business Confidential - Release Not Determined

**November 24, 1997 Letter from Peter Roman, Director,
Planning & Market Research, DLA, DNSC**

**RE: Sebacic Acid (Letters from Congressman Ney, David
Germain of Union Camp, and DNSC letters of response)**

MIC 99-15

BOB NEY

18TH DISTRICT, OHIO

1024 LONGWORTH H.O.B.

WASHINGTON, DC 20515

(202) 225-6265

(202) 225-3394 FAX

E-MAIL: bobney@hr.house.gov



COMMITTEES:
BANKING AND FINANCIAL
SERVICES

TRANSPORTATION AND
INFRASTRUCTURE

HOUSE OVERSIGHT

DEPUTY WHIP

Congress of the United States
House of Representatives
Washington, DC 20515-3518

November 11, 1997

Mr. Richard V. Meyers
Co-Chair, Stockpile Market Impact Committee
Office of Strategic Industries and Economic Security
Room 3876
U.S. Department of Commerce
14th Street and Constitution Ave., NW
Washington, DC 20230

RE: Notice of Request for Public Comment on the Disposal of Certain Commodities from the National Defense Stockpile under the Proposed Fiscal Year 1999 Annual Materials Plan (AMP) and Revisions to the FY 1998 AMP (62 Fed. Reg. 56148, October 29, 1997)

Dear Mr. Meyers:

I am writing in response to your request for public comment on the proposed authority for sale of one million pounds of stockpiled sebacic acid in FY 1999, and your request for comment on whether to revise the existing authority for sale of one million pounds in FY 1998.

I am greatly concerned about the potential impact that such a large volume sale would have on the employees and operations of Union Camp Corporation in Dover, Ohio, in my congressional district. This plant is the only remaining U.S. operation that makes sebacic acid. I understand that the current U.S. market for sebacic acid is extremely soft, due in large part to slack demand and rising imports. The plant in my district, for example, operated well below capacity in 1996. Union Camp has told me that a sale of one million pounds by the Defense National Stockpile at this time would severely disrupt the currently soft market for this material, and would directly threaten the viability of their operation, and the jobs and investment that it brings to this part of Ohio.

U.S. businesses that compete effectively in contested, volatile markets should not also be forced to compete with surplus materials unloaded by the U.S. government onto to U.S. market, either in large volumes or at below-market prices.

DISTRICT OFFICES:

3201 BELMONT STREET
ROOM 604
BELLAIRE, OH 43906
(614) 676-1960
(614) 676-1983 FAX

401 MARKET STREET
SUITE 719
STEBENVILLE, OH 43952
(614) 283-3716
(614) 283-1915 FAX

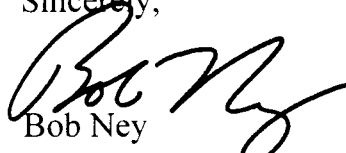
HILTON-FAIRFIELD BUILDING
152 2ND STREET, NE, #200
NEW PHILADELPHIA, OH 44663
(330) 364-6380
(330) 364-7675 FAX

MASONIC TEMPLE BUILDING
38 NORTH 4TH STREET
ROOM 502
ZANESVILLE, OH 43701
(614) 452-7023
(614) 452-7191 FAX

PRINTED ON RECYCLED PAPER

For these reasons, I respectfully urge your market impact committee to consider a substantially smaller authorization for the sale of stockpiled sebacic acid for FY 1999, and also to revise downward the current authorization for FY 1998. A smaller amount should enable the Stockpile to continue disposing its surplus sebacic acid in a way that does not hurt U.S. jobs, business, and investment.

Sincerely,



Bob Ney
Member of Congress

RWN/jbj

BILL PASCRELL, JR.
8TH DISTRICT, NEW JERSEY

WASHINGTON, OFFICE.
1722 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5751
(202) 225-5782 FAX

PATERSON OFFICE:
ROBERT A. ROE FEDERAL BUILDING
200 FEDERAL PLAZA, SUITE 500
PATERSON, NJ 07505
(973) 523-5152
(973) 523-0637 FAX



Congress of the United States
House of Representatives

November 24, 1997

MLC 99-16
COMMITTEES:

COMMITTEE ON TRANSPORTATION
AND INFRASTRUCTURE

SUBCOMMITTEE ON SURFACE TRANSPORTATION
SUBCOMMITTEE ON WATER RESOURCES
AND ENVIRONMENT

COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON EMPOWERMENT

Richard V. Meyers
Co-Chair, Stockpile Market Impact Committee
Office of Strategic Industries and Economic Security
Room 3876
U.S. Department of Commerce
14th and Constitution Avenue, N.W.
Washington, DC 20230

Dear Mr. Meyers:

I understand that the Commerce Department's Market Impact Committee (Bureau of Export Administration) is requesting comment on the Defense Department's existing authority to sell one million pounds of stockpiled sebacic acid in fiscal 1998 and the potential extension of that same authority for fiscal 1999.

This letter is on behalf of Union Camp Corporation, the sole remaining American manufacturer of sebacic acid. Union Camp, headquartered in Wayne, New Jersey, is an important employer in New Jersey's Eighth Congressional District.

During the Cold War, the Defense Stockpile Agency (DSA) maintained large quantities of surplus "strategic and critical materials to supply the military, industrial, and civilian needs of the United States for national defense." After the collapse of the Soviet Union, the DSA was directed by Congress to dispose of much of this surplus. Sebacic acid, used in manufacturing specialty nylon for fishing lines, brush bristles and manufacturing equipment, as well as lubricants, adhesives, plastics and corrosive inhibitors, was one of the stockpiled materials that lost its status as a "strategic" material.

Unfortunately, the extension of authority granted the DSA has come at an inopportune time. Stockpiled sebacic acid has saturated a marketplace already under siege from foreign producers and now Union Camp finds itself competing with the United States Government. A one million pound sale, the amount specified by the DSA, represents about 10 percent of the total domestic market for sebacic acid. Further, DSA sales would account for 17 percent of the total merchant demand. It is this merchant market in which the stockpile sales would most directly compete with Union Camp. Public information from the most recent sale of sebacic acid indicates that the Stockpile Agency completed a smaller transaction to a materials broker for less than the prevailing market price. Union Camp believes that this broker then offered this material

to its customers, with a mark-up, at prices below what Union Camp could offer.

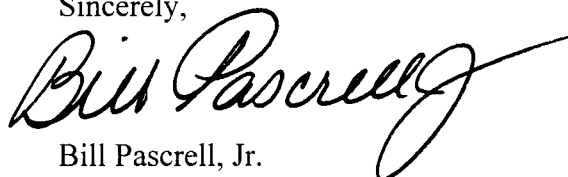
Union Camp asserts that additional large volume sales would undermine its position. Specifically, large-scale sales of sebacic acid by the DSA would jeopardize Union Camp's multi-million dollar investment designed to upgrade its domestic production facilities in Ohio. As a result of stiff foreign competition and DSA sales, this modernized plant is operating well below capacity.

Union Camp's commitment to the sebacic acid industry is clear. They are attempting to remain competitive despite less than auspicious market conditions. Union Camp also understands the government's efforts to eliminate waste and inefficiency. Selling surplus materials will earn the government hard currency and eliminate costly storage fees, however, the government should not undermine Union Camp by offering sebacic acid at a price far below fair market value. In addition, the DSA should be mindful of the importance of maintaining the long-term viability of the last domestic producer of sebacic acid while it auctions off its "strategic" stockpile.

I support the Union Camp contention that the Market Impact Committee of the Commerce Department should closely scrutinize this potentially troubling situation. It seems reasonable that the Committee should, in the interests of protecting Union Camp and America's capacity to manufacture sebacic acid, reduce the authorization level for the sale of government-owned sebacic acid to a more reasonable level. An annual level of no more than 200,000-300,000 pounds would seem to allow for the orderly disposition of this material without unduly affecting markets.

Thank you for your consideration. If you have any further questions regarding Union Camp's concerns amount the government sale of sebacic acid, please contact me at (202) 225-5751.

Sincerely,

A handwritten signature in black ink, reading "Bill Pascrell, Jr.", with a stylized flourish extending from the end of the name.

Bill Pascrell, Jr.
Member of Congress

cc: The Honorable William Daley, Secretary of Commerce

1712C 99-17



The Ferroalloys Association

900 2ND STREET, N.E., SUITE 201; WASHINGTON, D.C. 20002

Telephone: (202) 842-0292 • Telefax: (202) 842-4840

EDWARD J. KINGHORN, JR.; *President*

November 25, 1997

Mr. Richard V. Meyers
Stockpile Market Impact Committee
Office of Strategic Industries and Economic Security
Room 3876
U.S. Department of Commerce
14th Street and Constitution Avenue, NW
Washington, DC 20230

Mr. Meyers:

Enclosed please find two (2) copies of written comments on behalf of The Ferroalloys Association in response to the Federal Register notice dated October 29, 1997. Should you have any questions please feel free to contact me at 202-842-0292.

Sincerely yours,

A handwritten signature in cursive script that reads 'Edward J. Kinghorn, Jr.' The signature is written in dark ink and is positioned above the printed name.

Edward J. Kinghorn, Jr.
President



The Ferroalloys Association

900 2ND STREET, N.E., SUITE 201; WASHINGTON, D.C. 20002

Telephone: (202) 842-0292 • Telefax: (202) 842-4840

EDWARD J. KINGHORN, JR.; *President*

Comments of

The Ferroalloys Association

Washington, DC

Submitted to the

National Defense Stockpile Market Impact Committee

Pursuant to 62 FR 56148

November 28, 1997

Contact: Edward J. Kinghorn, Jr.
President
The Ferroalloys Association
900 2nd Street, NE
Suite 201
Washington, DC 20002
Phone: 202-842-0292
Fax: 202-842-4840

However, in recent years, the domestic ferroalloy industry has sharply declined, largely due to foreign import penetration and rising environmental standards. From 1970 to 1990, the annual domestic production of alloys decreased from 2,340,000 to 645,000 net tons per year, while imports increased from 350,000 to 1,490,000 net tons per year. Foreign competitors flooded the U.S. market at significantly lower costs, resulting from foreign government subsidization of electricity costs, capital investments, transportation, and taxes. As a result, U.S. producers faced high operating costs and declining prices, which forced them to reluctantly lay off workers and shut down plants at an alarming rate. These closings resulted in plants abandoning vital research and development programs, in order to remain in business. Simultaneously, the U.S. government imposed strict environmental standards on metals producers, forcing companies to direct large amounts of capital to environmental control equipment.

Despite such gloomy statistics, the American ferroalloy industry is emerging from previous years smaller and leaner, and, through cooperation with the government, can become more prepared to compete in the global economy.

The U.S. domestic ferroalloy industry and TFA have enjoyed a long standing, mutually beneficial relationship with NDSC. A continued and improved relationship is vital to everyone concerned as the industry manages transition, while attempting to retain this critical capacity at a time when imported products exceed 80% of the market.

An indispensable domestic ferroalloy industry is critical to our economy as a required ingredient for steel production, dry cell batteries and many other



KAISER ALUMINUM & CHEMICAL CORPORATION

November 19, 1997

Mr. Richard V. Meyers, Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industries & Economic Security
Room 3876
U. S. Department of Commerce
14th St. & Constitution Ave. N. W.
Washington, D.C. 20230

Dear Mr. Meyers:

This letter is written in response to the Committee's request for public comment on the potential market impact of the disposal of Jamaican bauxite from the National Defense Stockpile under the proposed Fiscal Year 1999 Annual Materials Plan and revisions to the FY 1998 Plan. Our purpose is to encourage the Market Impact Committee to support increasing permissible Jamaican bauxite sales such that not less than 750,000 tons per year (TPY) can be sold from the two DLA stockpiles in Louisiana commencing in Fiscal Year 1998.

For reasons stated below, we believe that the material will be of optimum attraction to the market if these quantities are allocated for sale and it will be worth far less if sold in significantly lesser volumes. We also believe that such an increase in the sales volume will not negatively impact the Jamaican export market for bauxite.

The KACC Gramercy, Louisiana Alumina Plant (GBU) is currently purchasing low monohydrate Jamaican bauxite from the Gramercy, Louisiana DLA Stockpile adjacent to the GBU at the rate of 300,000 TPY under a 5 year contract that is in its last year. This bauxite is similar to the bauxite currently mined at our mines in Jamaica, the only other source of bauxite for the GBU. The remaining low monohydrate bauxite that has been purchased by the GBU will be consumed by the end of 1998. This will leave 3.5 million tons of high monohydrate Jamaican bauxite stored at the Gramercy site and an additional 1.2 million tons of high monohydrate Jamaican bauxite stored at the Baton Rouge DLA Stockpile. Bids for purchase of this remaining material have not yet been solicited by the DLA.

To assist you in understanding Kaiser's position, we believe it would be beneficial to explain the Bayer Process (extraction of Alumina from Bauxite), the GBU operation, our position as a producer and marketer of both Alumina and Bauxite, the importance of the GBU to the local economy here in

Louisiana and then present to you our request for increasing the amount of DLA Jamaican bauxite that can be released in Louisiana for fiscal years 1998 through 2003.

First, who are we:

The Alumina Business Unit (ABU) of Kaiser Aluminum & Chemical Corporation (KACC) produces and sells bauxite and alumina both domestically and on the world market. The KACC-GBU operation is a high temperature Bayer Process alumina plant which produces 1,070,000 MTPY of alumina of which 80-85% is Metal Grade Alumina used to produce aluminum and the remainder is Alumina Trihydrate, both wet and dry, which is used to produce aluminum based products such as flocculents and flame retardants.

There are 470 direct employees at the GBU which was designed and built by Kaiser in the late 50's to process Jamaican bauxite. Moreover, the GBU is an integral part of a co-generation system that includes a Caustic Chlorine Plant, a Calcined Coke Plant and a Fluorocarbons Plant, all of which employs over 900 people. The economics and profitability of these units are closely interdependent.

Kaiser was one of the pioneers in the development of the Jamaican bauxite and alumina industry and is still a major economic force in the Jamaican economy. Kaiser Jamaica Bauxite Corp (KJBC) is a bauxite mining and sales organization developed by Kaiser in the early 50's and is now jointly owned with the Jamaican Government. Kaiser also designed and built the largest alumina plant on the island, Alumina Partners of Jamaica in Nain, of which 65% is owned by Kaiser and 35% by Hydro Aluminium. Kaiser is the only alumina company which mines and exports bauxite from Jamaica for its own use and sales to third parties.

Bayer Process as Practiced at the GBU :

The GBU now processes a very specific type of Jamaican bauxite and plant accommodation of any change in bauxite quality will require either significant capital expenditures or a reduction in plant capacity, resulting in increased cost and potential reduction in employment.

The GBU was designed to process Jamaican bauxite which is a mixture of monohydrate bauxite and trihydrate bauxite. The difference between these two sources of alumina is that the monohydrate bauxite requires high temperature to dissolve and the trihydrate bauxite can be dissolved at lower temperatures. Because the Jamaican bauxite is a mixture, a high temperature digestion process is required. The Gramercy plant is a high temperature plant which operates at 470 F and consumes a higher amount of energy than competing foreign plants which use trihydrate bauxites and can operate at 340 F. To utilize the high quality Jamaican bauxites and make this process economical, Kaiser developed a process called sweetening. The sweetening process decreases the overall energy usage and increases the plant capacity by 25-30%. This is a patented process which is practiced at all of the Kaiser designed plants and has been sold to other alumina manufacturers. The sweetening process requires a bauxite which contains no more than 3.5 % monohydrate alumina. If the monohydrate alumina exceeds this value, the alumina losses both from extraction and from subsequent processing of the spent bauxite makes the process uneconomical and reduces capacity by 25%.

The 4.7 million tons of Jamaican bauxite which will remain in the two Louisiana DLA stockpiles (after the current Gramercy purchase is complete in 1998) contains 5-10 % monohydrate and

therefore, can not be processed at the GBU without significant capital investment. We estimate the investment to be in the \$30-40 million range.

This capital investment can not be justified using the current DLA sales allocation of 300,000 TPY to the Louisiana DLA stockpiles. The savings on a per ton of bauxite basis are small and cannot be recovered quickly enough to justify investing this capital. Approximately 750,000 TPY is required to give an acceptable Return on Investment. Increasing the allowable usage rate is key to permitting the GBU or anyone else to purchase and use the 4.7 million tons of material in the two DLA Jamaican bauxite stockpiles in Louisiana.

Kaiser also feels that this is the proper time for the DLA to offer the DLA bauxite in these quantities. If the Louisiana DLA bauxite is made available at the required rate of 750,000 TPY and if Kaiser is a successful bidder, the economics of using this bauxite will justify the needed plant modifications. If this bauxite is not available in these quantities, Kaiser may install alternate solutions to solve the Gramercy Alumina Plant cost problems or reduce capacity as mentioned earlier. These alternate solutions may not allow the future economical use of the DLA Jamaican bauxite and eliminate Kaiser as a viable market for the material. As the bulk of the available material is adjacent to Kaiser's GBU, that would appear to marginalize its value to the otherwise remote market. Therefore, from a return to the DLA/U.S. Government standpoint, in our opinion, now is the time to sell the DLA's Louisiana Jamaican bauxite in sufficiently large releases to make it both economical for us to use and to maximize the return to DLA.

The World Bauxite Market:

The world production of bauxite is about 121,000,000 DMT annually of which 35,000,000 DMT or 29% is traded on the third party market. The production and export by country is as follows:

Bauxite Ore Production (000) DMT **Exporting Countries**

<u>COUNTRY</u>	<u>BAUXITE PRODUCTION</u>	<u>BAUXITE EXPORTED</u>	<u>U.S. IMPORTS</u>
Guinea	15,350	14,000	3,600
Brazil	12,300	5,500	2,100
Australia	46,300	4,700	0
Jamaica	11,800	3,800	3,800
All Others	10,450	7,000	1,800

As a producer and seller of bauxite, we are also aware that additional bauxite reserves are being developed in areas of the world other than those mentioned above. Our understanding is that some of these reserves are of very high quality and possibly can be mined and shipped at more competitive

prices than are currently available. As this material enters the world market, it certainly has the high potential of decreasing the demand for and value of the DLA owned material.

We believe Kaiser's request to increase the allocation of DLA Jamaican bauxite sales so that the bauxite located in Louisiana can be sold at 750,000 TPY will have no material economic impact on the world market as 750,000 TPY represents only 0.6% of world production and 2% of export sales.

Further, it is the position of Kaiser that the sale to and use of the DLA bauxite at the GBU at the rate of 750,000 tons annually (and the sale of an equal quantity of materials from the DLA stockpiles beyond Louisiana) will not reduce the export of bauxite from Jamaica or depress the price of those exports but will allow additional sales of bauxite to third parties. This is born out by our experience. When the GBU and others started using the current DLA Jamaican allocation, the production of KJBC bauxite did not decrease as might have been expected and the price of exports was not adversely affected.. We see this as an opportunity to improve the economics of a domestic alumina plant currently in the third quartile of the world production cost curve and at the same time improve the profitability of the KJBC mining operation at Discovery Bay, Jamaica.

The long term average production from KJBC has been approximately 3.9 million tons of bauxite per year. The variation in tonnage over the years has been mainly influenced by the demand for alumina rather than changes in the bauxite supply situation. The planned production of Jamaican bauxite by KJBC for the next three years is 4.1 million tons per year. The use of the DLA bauxite will not reduce this quantity but it will allow KJBC to sell additional bauxite to third parties for profit. Revenues to the Government of Jamaica should not be material affected by this increase in allocation of Jamaican DLA bauxite sales.

In summary, Kaiser urges the Market Impact Committee to recommend sales of Jamaican bauxite from the DLA stockpiles such that a minimum of 750,000 TPY can be sold from the Louisiana stockpiles commencing with Fiscal Year 1998. Based on our experience this volume of sales will have no significant impact on the Jamaican export market for newly mined material and will, in our view, enable the DLA to expose the material for sale to its most viable market and allow the Government an orderly and profitable disposition of the DLA stockpiles. Absent such an increased allocation, that market may well shrink significantly and the material become very difficult to sell and move from the storage sites.

Community Support for the Kaiser Gramercy Alumina Plant:

Attached for your review and consideration are letters of support for the continued economic operation of the GBU. As was mentioned earlier, there are 900 employees at this site that could be adversely impacted. The majority of these employees live in and around the plant which is a major economic force in the community. In addition the plant imports approximately 3,000,000 tons of Jamaican bauxite from KJBC. This is about 75% of the bauxite which is exported from Jamaica. The export mining operation at Discovery Bay has over 700 employees. Therefore, the long term economic operation of the Gramercy facility supports communities in both Louisiana and Jamaica.

Mr. Meyers, thank you for your time in reviewing this letter and considering our request. If possible, we would like to meet with you and other Committee Members to further discuss this request.

Very truly yours,

KAISER ALUMINUM & CHEMICAL CORPORATION
ALUMINA BUSINESS

A handwritten signature in black ink, appearing to read "JK Lambert". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jerry K. Lambert, CPM
General Manager - Commercial

cc: Robert Cole - KACC, V.P., Washington, D.C
Gene Miller - KACC, V.P., Alumina Business Unit
Robert O'Brien, Deputy Administrator, DLA, Washington, D.C.



SENATE
STATE OF LOUISIANA

November 5, 1997

RON LANDRY

State Senator
District 19

P. O. Box 189
LaPlace, LA 70069

District Office: (504) 652-2379
Capitol Office: (504) 342-6192

COMMITTEES

Transportation, Highways
& Public Works-Chairman
Health and Welfare
Judiciary C
Retirement

Senate
Parliamentarian

Mr. Richard V. Meyers, Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industrial & Economic Section
Room 3876
U.S. Department of Commerce
14th St. & Constitution Ave. N.W.
Washington, DC 20230

Dear Mr. Meyers:

It has come to our attention that U. S. Government-owned bauxite, stored in our area for more than 30 years, is available for sale.

The sale of this material to one of our major employers, Kaiser Aluminum, would have a significant positive economic impact on our community. The additional jobs involved in the mining and transporting of this material would be helpful in dealing with our high unemployment rate.

We strongly support granting Kaiser the opportunity to bid on DLA-owned bauxite.

Sincerely,

A handwritten signature in black ink that reads "Ron Landry". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ron Landry
State Senator
District 19

RL:df



STATE OF LOUISIANA
HOUSE OF REPRESENTATIVES

ROBERT R. "BOBBY" FAUCHEUX, JR.
District 57

St. John District Office
197 Belle Terre Blvd.
P.O. Box 1960
LaPlace, Louisiana 70069-1960
Telephone: (504) 651-2888
(800) 462-5017
Fax: (504) 651-0151

St. James District Office
230 Main Street
P.O. Box 367
Gramercy, Louisiana 70052
Telephone: (504) 869-3944
Fax: (504) 869-9180

Judiciary
Natural Resources
Ways & Means
Joint Legislative Committee on Capital Outlay

November 5, 1997

Richard V. Meyers, Co-Chairman
Stockpile Market Impact Committee
Office of Strategic Industrial and Economic Section
Room 3876
U.S. Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Mr. Meyers:

Kaiser Aluminum is a major employer in St. James Parish and has had a significant economic impact on our community for 40 years.

We have learned that D.L.A. - owned bauxite, stored for many years in Louisiana, may now be available for sale. We support allowing Kaiser to bid on this material.

The sale of this bauxite to Kaiser would have a positive impact on our area, providing needed employment in the mining and hauling of this material.

I would appreciate any consideration given to Kaiser.

With kindest regards, I am

Very sincerely yours,

Robert R. "Bobby" Fauchaux, Jr.
State Representative
District 57

RRFJr:gn

Parish of St. James



P.O. Box 106
Convent, Louisiana 70723

Phone: (504) 562-2260
Fax: (504) 562-2279

Dale J. Hymel, Jr.
President

November 4, 1997

Mr. Richard V. Meyers, Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industrial & Economic Section
Room 3876
U.S. Department of Commerce
14th St. & Constitution Ave. N.W.
Washington, DC 20230

Dear Mr. Meyers:

Kaiser Aluminum is a major employer in St. James Parish and has had a significant economic impact on our community for 40 years.

We understand that the United States Government-owned stockpile of bauxite located in our area is available for sale. Because of the positive economic impact such a sale would have on our community, we strongly endorse granting Kaiser Aluminum, one of our major employers, an opportunity to bid on this material.

The sale of this bauxite to Kaiser would have a positive impact on our area, providing needed employment in the mining and hauling of this material. With an unemployment rate of 10% in St. James Parish, the additional job opportunities for our citizens in the mining, handling, and hauling of this material would be very beneficial.

Sincerely,

Dale J. Hymel, Jr.
Parish President

DJH:jrl



SENATE
STATE OF LOUISIANA

LOUIS J. LAMBERT

State Senator
District 18

Parishes of:
Ascension
East Baton Rouge
Livingston
St. James
St. John the Baptist

P. O. Box 94183
Baton Rouge, LA 70804
(504) 342-0667
(504) 342-5636 FAX

SENATE COMMITTEES:
Environmental Quality, Chairman
Commerce
Retirement

November 7, 1997

Richard V. Meyers, Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industrial and Economic Section
Room 3876, U. S. Department of Commerce
14th Street and Constitution Avenue NW
Washington, DC 20230

Dear Mr. Meyers,

It has come to our attention that U.S. Government-owned bauxite, stored in our area for more than 30 years, is available for sale.

The sale of this material, in lots of 750,000 tons annually, to one of our major employers, Kaiser Aluminum, would have a significant positive economic impact on our community. The additional jobs involved in the handling, mining and transporting of this material would be helpful in combating the area's high unemployment rate.

We strongly support granting Kaiser the opportunity to bid on Defense Logistics Agency bauxite.

Sincerely,

A handwritten signature in black ink, appearing to read "Louis Lambert Jr.", with a stylized flourish at the end.

Louis J. Lambert, Jr.
Senator, District 18

LJL/ca



American Zinc Association

1112 Sixteenth Street, N.W., Suite 240, Washington, D.C. 20036 Tel: (202) 835-0164 Fax: (202) 835-0155

December 1, 1997

Mr. Richard V. Myers
Co-Chair
Stockpile Market Impact Committee
Office of Strategic Industries and Economic Security
Room 3876
U.S. Department of Commerce
14th St. and Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Mr. Myers:

The American Zinc Association ("AZA") is pleased to submit these comments on proposed FY99 disposals of zinc from the strategic stockpile.

As it has for years, AZA supports an orderly, responsible disposal of zinc from the stockpile. As with any commodity, an orderly (i.e., non-disruptive) disposal of zinc must be viewed against a market that is constantly changing. Thus, those who may tell the Market Impact Committee ("MIC") that the zinc market is at extremely high levels (and hence disposals should be made with less concern about price and volume because there would be no impact) are out of date. From a 1997 daily high on the LME of \$1760 mt on July 28, the December 1 LME cash price had fallen to \$1,114 mt -- **a drop of 36.7% in but four months.**

Because of this fluctuation, AZA trusts the MIC will keep repeated oversight of the impact of stockpile sales, in particular the prices received therefor. AZA assures the MIC that should this price decline continue, it will look at all options for minimizing the impact of disposals. In this regard, AZA is cautiously optimistic that the recently announced plans for negotiated sales of zinc will result in higher prices to the government than the spot sales, a point the stockpile authority has suggested has been the experience with other materials.

AZA will keep the MIC informed of significant developments.

Respectfully submitted,


George F. Vary
Executive Director

MIC 99-20

ROBERT N. PYLE & ASSOCIATES
PUBLIC RELATIONS

1223 POTOMAC STREET, N.W.
WASHINGTON, D.C. 20007-3212

TELEPHONE: (202) 333-8190
FAX: (202) 337-3809

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1223 POTOMAC STREET, NW
WASHINGTON DC 20007-3212
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INTERNATIONAL MANGANESE INSTITUTE

Institut International du Manganèse

Richard V. Meyers, Co-chair
Stockpile Market Impact Committee
Office of Strategic Industries and Economic Security
United States Dept of Commerce
14th Street and Constitution Avenue #3876
Washington DC 20230

cc: Richard Watkins
International Commodities Division
US Dept of State

Paris, 2nd December 1997

IMni/97/66

Dear Sirs,

The International Manganese Institute (IMni) is an association which groups together the major manganese ore and alloys producers in the world : it has seventeen such full members, as well as thirty Affiliate members, (companies trading in manganese-based commodities), and a third division of membership, the Electrolytic Products Division, a group of eleven companies manufacturing manganese-based electrolytic products. The IMni offers these comments pursuant to the October 29th, 1997 Federal Register request.

The IMni submits comments today to the Market Impact Committee (MIC) in support of the Department of Defense's (DOD) proposed Fiscal Year 1998 modifications and the 1999 Annual Materials Plan that recommends sales of up to 50,000 short tons of High Carbon Ferromanganese (HC FeMn), 2,000 short tons of Electrolytic Manganese Metal and metallurgical grades of manganese ores.

IMni supports these proposals so long as the DOD abides by the sale provisions mandated by Congress as part of the permanent Strategic and Critical Materials Stock Piling Act (50 USC 98 et seq). IMni fully understands the reasons for Section 3304 of PL 104-106 adopted by Congress. A viable United States and global ferromanganese industry is vital to world economic security. Manganese is an essential ingredient in the production of steel. Due to the responsible disposal process mandated by Congress, the last ferromanganese smelter in the United States continues to operate and the global ferromanganese industry is not adversely impacted.

IMni also supports current legislation that authorizes the Department of Defense to dispose of the entire quantities of manganese ore and ferromanganese. The legislation restricts the sale of manganese ore to "allow preference to domestic (US) ferroalloy producers". Provisions in Section 3304 a, b and c stipulate the method and requirements for sales of HC FeMn. Please note current law includes provisions stipulating sales of electrolytic manganese are subject to right-of-first-refusal by domestic ferroalloy producers.

Yours sincerely,



P. Dr. Charles DesForges
Executive Director, IMni